

SECTION 2: FINANCIAL INFORMATION

Creating the Tools for Easy Access



Executive Reporting Framework

Under the sponsorship of the CFO, a DOT Executive Reporting Framework (ERF) was developed to bring together financial, program, and performance data and information in a way that can be used by policy officials, senior executives, and program managers to help them perform their jobs more effectively. It supports the Government Performance and Results Act (GPRA). It is designed to give complete, consistent, reliable, and timely information and provide an environment that fosters cross-cutting identification, analysis, discussion and resolution of issues. ERF accesses data from departmental financial systems and from financial and programmatic systems in use by the various OAs. It was developed using off-the-shelf software which supports analytical needs and has drill down analysis and flexible reporting capabilities.

ERF provides tools for management to monitor the execution of their budgets and to

track OA grants. Reports summarizing various activities and programs are distributed monthly to senior management, and access to the information for analytical and other purposes is available to DOT users upon request. Appendix A shows several typical reports available from ERF. Under development in the ERF are reports to track and compare current and prospective versions of DOT's budget against historical versions and reports to track major projects and activities of DOT.

DOT's main focus on improving financial information is to give executives, program managers, other decision makers, and the American public, quality information that is timely, accurate, easily accessible, and understandable in order to make sound decisions, manage resources, measure performance, and be informed.

Target for completion:
FY 1998

DAFIS Management Information Reporting (MIR)

The DAFIS MIR is a data warehouse of financial data refreshed daily from the DAFIS mainframe central database to a downstream server. The system went into production in July 1997 and is available for access during the business day from 7 a.m. to 7:30 p.m. MIR is now implemented in virtually all Operating

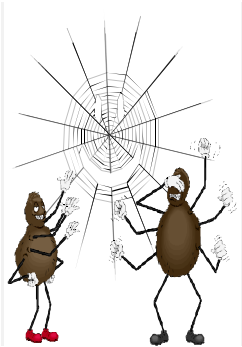
Administrations (OAs) and has become the main source of day-to-day FM information for the Department, in summary, detail, or historical form. Financial and program staff are able to access the data and import it directly into commercially available desk-top management tools such as spreadsheet and graphics packages. These graphics packages allow flexibility in data analysis and reports and graph preparations. There are approximately 500 MIR users in the Department. This number is growing.

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Facts and Figures Quick (FAFQ), a windows based, user friendly, graphical software, has enhanced the MIR. It is a front-end utility that was developed and designed to provide users, unfamiliar with formal Federal accounting and budgeting, quick and easy access to much needed financial information. Since its implementation in September 1996, in a test mode, there are approximately 260 FAFQ users with new user requests continually being received. Future plans include bringing FAFQ into production and providing the capability to generate more canned inquiries.

Target for completion: FY 1998

New and Improved



World Wide Web Access to Financial Information

DOT's new and improved CFO Web Page on the Internet provides instant access to valuable departmental budget and financial information, as well as "hot links" to numerous governmentwide public sites. Created in FY 1997, this was a major step forward in establishing a one-stop source of reference information for DOT's financial managers and other clients. It is a paperless means of distributing reports and documents and expands communication between headquarters and field staff. The new Page is designed and maintained by the CFO staff who have continued to develop WEB expertise--this permits the pages to be updated expeditiously.

User friendly guidance and graphics enable users to quickly find FM directives, current and past years' financial management reports, such as the CFO Status Report and 5 Year

Plans and FMFIA Reports, and DOT's Budget and related documents and testimony. It avoids time consuming manual research of libraries and government financial manuals as the CFO Web Page has hyperlinks to many external financial management resources -- OMB Circulars, the Treasury Financial Manual, the GSA Travel Regulation, Comptroller General Decisions and Reports, Thomas Legislative Tracking, Finance Net's extensive world-wide government resources, and many more. This ensures that finance offices have the ready reference material they need in their daily work. For external DOT browsers who want to know more about the Department, the site gives extensive information about DOT's organization, mission and goals, and describes many current initiatives, systems and processes, and accomplishments. Contact people and E-mail addresses are identified for more detailed information.

Available shortly will be a tracking system for sharing ideas and coordinating comments on proposed FM legislation. Also planned is a newsgroup for discussing FM issues and development of a registration form for obtaining feedback on areas of our web pages of most interest to others. Visit DOT's CFO web site at ostpxweb.dot.gov/budget.

Target for completion: FY 1998

Measuring Results

Performance Measurement - Government Performance and Results Act (GPRA)

With the passage of the Government Performance and Results Act (GPRA) of 1993, government managers are required to measure the intended results of their programs, increase accountability and internal management, improve customer service, and improve government effectiveness. GPRA requires agencies to create

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plans that identify their mission and strategic goals, set annual performance goals that are related to strategic goals, describe in general how goals will be achieved and the resources needed, and identify measures that will be used to gauge progress towards achieving the goals. Agencies must also report back to Congress annually on their performance.



Departmentwide Goals

Safety
Mobility
Economic Growth
Environmental
Protection
National Security

DOT implementation of GPRA remains on track, with two important accomplishments in FY 1997. The DOT strategic plan, to be completed this year, addresses GPRA requirements for

a strong planning document to guide policy and resource decisions. A critical foundation piece for performance-based budgeting and management, the DOT strategic plan focuses resource allocation on five Departmentwide goals, each with measurable objectives. The document is a single, cohesive plan that links and directs the efforts of the OAs, provides a framework for National Performance Review initiatives, and clearly communicates the purpose and objectives of the Department to the public. The strategic plan supports sound budgeting and financial management by integrating Departmentwide policy analysis and planning well in advance of the start of the budget formulation process.

Complementary to the DOT strategic plan has been the development of the Department performance plan. The FY 1998 OAs budget submissions provided a "dress rehearsal" of GPRA requirements. The FY 1999 OAs submissions carried this forward by more fully

integrating performance information into their budgets. With this information, a performance-based review of the budget was conducted. Appendix B summarizes lessons learned during this review. The performance information developed by the OAs was integrated into a Department performance plan that is part of the FY 1999 budget submission to OMB. This performance plan links resource allocation to performance measures, which in turn link to the Departmentwide strategic goals. This performance plan represents the second key 1997 milestone in DOT's GPRA implementation, and provides the framework for linking financial accountability to program results. Future efforts in this area will involve continually monitoring and improving the quality of data and measures, and refining the links between performance and resources.

Relating resources to performance is a crucial task in both building and evaluating a budget submission based on performance. Improved financial systems are the enabling tool that will integrate resource-to-performance links into the DOT budget process. Improvements outlined in other sections of this report support the Department's efforts in GPRA and bring DOT closer to fully integrating performance measurement into the Department.

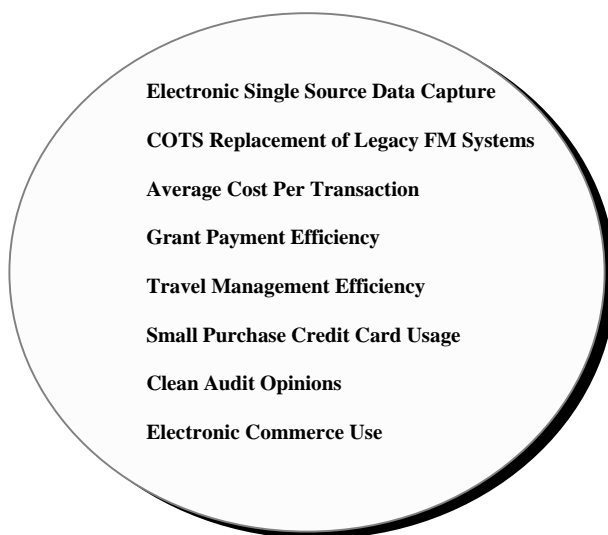
Target for Completion: FY 2000

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FM Performance Measures

In addition to work on program performance management, DOT established eight FM performance measures to improve management of FM systems, to enhance integrity and usefulness of FM data, to provide indicators for the efficiency of specific FM functional areas, and thus to assist in overall FM decisionmaking.

Departmental FM Performance Measures
Address the following areas:



Our target for full implementation of these measures is FY 1998, however data on many of these areas (e.g. travel management, small purchase credit card usage) is already helping us determine some efficiency measurements.

On a smaller scale, OA FM Performance measurement activity is giving us indicators of specific accounting operations performance. For example, FTA, which handles accounting operations for OST, is measuring its operating efficiency in areas such as timeliness of payments, reconciling accounts, clearing suspense accounts, collection of receivables, and other areas.

Improving Financial Statements

FY 1996 First Audited Consolidated Financial Statement

DOT took a major step forward in improving financial management reporting and in support of the Government Performance and Results Act by preparing and having audited its first ever consolidated financial statement. Previous CFO financial statements primarily reported on selected funds and accounts in DOT covered by the CFO Act of 1990, and did not include major portions of DOT's financial activities. The FY 1996 statement presented to the American public, in one document, a comprehensive overview of DOT's major programs, overall financial position, and the resulting benefits and value added services. In addition to the consolidated report, stand-alone statements were prepared and audited for the Highway Trust Fund, the FAA, and SLSDC.

Results of FY 1996 Audited Financial Statements

The separate Highway Trust Fund financial statement, which accounts for over 60 percent of the Department's budgetary resources, received a clean opinion. The SLSDC is subject to the Government Corporation Control Act and reports separately under that authority. The dollar level of its activities is not significant to Departmental totals and was not included in the consolidated financial statements. SLSDC also received a clean FY 1996 opinion as it has done since its inception. DOT's FY 1996 consolidated financial statement and the separate FAA financial statement received disclaimers of opinion primarily because the DOT Office of Inspector General (OIG) could not determine if the statement amounts for property, plant, and equipment and operating materials and supplies were accurate due to inadequate supporting documentation. DOT is making

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steady progress in correcting problems identified during the financial statement audit process and continues to profit from lessons learned. One important goal of the financial statement audit process is to instill discipline and accuracy into the accounting process. This is being accomplished. Through joint OIG and financial management personnel efforts, over \$24 billion in line item adjustments and \$8 billion in line item reclassifications were accomplished during this process, greatly improving the precision and comprehensiveness of the information reported in our FY 1996 consolidated financial statement.

Working Towards Clean Opinions



Good progress is being made to move all of DOT to clean audit opinions. DOT brought Secretarial level attention to all OAs on the importance of

taking correction actions to move to clean opinions in future years even before the 1996 financial statements were finalized. This was followed up with joint CFO, OIG, and OA executives and program managers meetings to develop and monitor execution of corrective action plans, audit resolutions and preventative maintenance. Many of the planned corrective actions will be completed by the end of FY 1997.

Impediments to Submission of Audited Financial Statements

Preparation of our first ever audited consolidated financial statement was a major step forward with many lessons learned. Some impediments to submitting audited financial statements still exist. Appendix C summarizes those impediments and our proposed solutions.

Target for completion: FY 1999

Financial Statement Progress						
	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96²</u>
Financial Statements						
Prepared	2	9	9	9	8 ¹	4
Audited	1	4	5	9	8	4
Results of Audits						
Opinions: Unqualified		1	1	2	4	2
Qualified		--	1	2	3	--
Disclaimed		3	3	5	1	2

¹ Only eight FY 1995 statements were prepared and audited because, in FY 1994, Washington Metropolitan Area Transit Authority refinanced its debt eliminating any federal liability and reporting responsibility.

² Coverage of DOT accounts changed from FY 1995 to FY 1996 with the Government Management Reform Act requirement that financial statements, beginning with FY 1996, be prepared and audited for all DOT activities instead of trust, revolving, and commercial funds only. Except for three stand-alone statements, the FY 1996 consolidated statement replaced most individual statements reducing the number of statements from eight to four.